

**PUERTO RICO COMMUNITY NETWORK FOR  
CLINICAL RESEARCH ON AIDS, INC.  
(A NOT-FOR PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS IN ACCORDANCE  
WITH OMB CIRCULAR A-133  
FOR THE YEAR ENDED DECEMBER 31, 2012  
WITH INDEPENDENT AUDITORS' REPORT**

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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DÍAZ & CANDELARIA, P.S.C.

Certified Public Accountants and Consultants

## **INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

To the Board of Directors of  
Puerto Rico Community Network for Clinical  
Research on Aids, Inc.:  
San Juan, Puerto Rico

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Puerto Rico Community Network For Clinical Research On AIDS, Inc. (a not-for profit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**  
**(CONTINUED)**

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Puerto Rico Community Network For Clinical Research On AIDS, Inc. (a not-for profit organization) as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**  
**(CONTINUED)**

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 2013 on our consideration of Puerto Rico Community Network For Clinical Research On AIDS, Inc internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* is considering Puerto Rico Community Network For Clinical Research On AIDS, Inc. internal control over financial reporting and compliance.

August 23, 2013  
San Juan, Puerto Rico

*Diaz & Candelaria PSC*

License 34, Expire December 1, 2013  
The stamp No. 2672461 of Puerto Rico State  
Society of Certified Public Accountants was  
affixed to the record copy of this report.



**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2012**

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**ASSETS**

Cash in Bank	\$ 214,680
Grants and Contracts Receivable (Note B)	695,065
Other Receivable	874
Property and Equipment, net (Note C)	212,892
Total Assets	<b><u>\$ 1,123,511</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities:

Accounts Payable	\$ 205,104
Accrued Expenses and Withholdings	212,150
Line of Credit (Note D)	93,027
Deferred Revenues	27,593
Total Liabilities	<b><u>537,874</u></b>

Net Assets:

Unrestricted	163,442
Temporarily Restricted (Note F)	422,195
Total Net Assets	<b><u>585,637</u></b>
Total Liabilities and Net Assets	<b><u>\$ 1,123,511</u></b>

The Accompanying Notes are an Integral Part of these Financial Statements

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
DECEMBER 31, 2012**

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>REVENUES AND OTHER SUPPORT</b>			
Government Grants and Contracts	\$ -	\$ 3,291,073	\$ 3,291,073
Private Cooperative Agreement	38,893	-	38,893
Medical Insurance Revenues	92,990	-	92,990
Patient Payments Revenue	2,819	-	2,819
Donations	2,634	49,987	52,621
Other		-	-
Total Revenues and Other Support	137,336	3,341,060	3,478,396
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of Program Restrictions	3,313,998	(3,313,998)	-
Total Revenues and Other Support	3,451,334	27,062	3,478,396
<b>EXPENDITURES</b>			
Program Services:			
Clinical Services Program	1,808,707	-	1,808,707
Dental Program	356,222	-	356,222
Medical Specialist Program	169,770	-	169,770
Youth and Adolescent Program	454,831	-	454,831
Education and Prevention Program	263,263	-	263,263
Other Complementary Program	67,824	-	67,824
Total Program Services	3,120,617	-	3,120,617
Support Services:			
General and Administrative	368,529	-	368,529
Total Support Services	368,529	-	368,529
Total Expenditures	3,489,146	-	3,489,146
Changes in Net Assets	(37,812)	27,062	(10,750)
Net Assets, Beginning of Year, as restated	201,254	395,133	596,387
<b>Net Assets, End of Year</b>	<b>\$ 163,442</b>	<b>\$ 422,195</b>	<b>\$ 585,637</b>

The Accompanying Notes are an Integral Part of these Financial Statements

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Changes in Net Assets \$ (10,750)

Adjustment to reconcile changes in net assets  
to net cash provided by operating activities:

Depreciation and Amortization 30,560

Decrease (Increase) in:

-Grants and Contract Receivable (2,036)

-Other Accounts Receivable (874)

Increase (Decrease) in:

-Accounts Payable and Accrued Expenses (12,640)

-Payroll Taxes and Accrued Vacations 132,976

-Deferred Revenues (81,939)

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Net Cash Provided by (Used) In Operating Activities **55,297**

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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of Property and Equipment (19,522)

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Net Cash Provided by (Used) in investing activities **(19,522)**

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**CASH FLOWS FROM FINANCING ACTIVITIES:**

Net Change in Line of Credit 3,561

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Net Cash Provided by (Used) In Investing Activities **3,561**

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**Net Increase (Decrease) in Cash 39,336**

**Cash at Beginning of Year 175,344**

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**Cash at End of Year \$ 214,680**

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The Accompanying Notes are an Integral Part of these Financial Statements.



**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Description</b>	<b>Program Expenses</b>	<b>General and Administrative Expenses</b>	<b>Total</b>
Personnel compensation	\$ 1,053,496	\$ 117,252	\$ 1,170,748
Payroll taxes	113,166	4,169	117,335
Other employee benefits	306,124	74,783	380,907
Staff training	5,618	-	5,618
Travel	23,963	22,267	46,230
Medical & health specialist	364,333	11,979	376,312
Psychologist fees	153,670	-	153,670
Dentist fees	79,004	-	79,004
Other professional services	22,304	18,960	41,264
Office supplies	30,544	25,261	55,805
Printing and publications	6,843	1,601	8,444
Dental supplies	8,873	-	8,873
Outreach materials	102,530	-	102,530
Nutritional supports	22,584	-	22,584
Prescribed drugs and medications	542,240	-	542,240
Laboratories	59,777	-	59,777
Program activities	64,626	4,133	68,759
Communications	18,652	9,335	27,987
Postage and shipping	550	621	1,171
Occupancy	62,163	11,225	73,388
Equipment rental and maintenance	24,349	41,938	66,287
Insurance expense	9,274	6,921	16,195
Interest	-	5,349	5,349
Depreciation	30,560	-	30,560
Equipment	14,867	1,020	15,887
Other expenses	507	11,715	12,222
<b>Total Expenditures</b>	<b>\$ 3,120,617</b>	<b>\$ 368,529</b>	<b>\$ 3,489,146</b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**NOTE A - GENERAL ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

Puerto Rico Community Network for Clinical Research on AIDS, Inc. (CONCRA) is a non-profit entity organized in June 1990 under the corporate laws of the Commonwealth of Puerto Rico and commenced operations during August 1990.

CONCRA was organized to promote in Puerto Rico the development of scientific research to study the influence of certain experimental drug and other interventions on the progress of infections, neoplastic and auto immune diseases. It will also monitor and examine the effects of specific drugs on research participants through the establishment of one or more strictly controlled research groups, supervised by duly trained and licensed medical practitioners and study the natural history of and psycho-social variables which may affect the Acquired Immune Deficiency Syndrome and its related conditions.

During this year, CONCRA receive approximately 94% of revenues and support from federal fund through the different sources and agencies.

**Summary of Significant Accounting Policies**

**(1) Basis of Accounting**

Basis of accounting refers to the point at which revenues and expenditures are recognized in the accounts and reported in the statement of activities. It is related to the timing of the measurements made, regardless of the measurements focus applied.

The accrual basis of accounting is follow by unrestricted net assets. Under this basis, revenues are recorded when earned, independently of when they are collected and expenses are recorded when incurred, independently of when they are paid.

**(2) Financial Statement Presentation**

CONCRA has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of the CONCRA and changes therein are classified and reported as unrestricted and temporarily restricted.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**NOTE A - GENERAL ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (CONTINUED)**

**(3) Recognition of Donor Restrictions**

CONCRA reports cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**(4) Contribution**

CONCRA classified its contributions received depending on the existence and/or nature of any donor restrictions. Under this generally accepted accounting principles for not-for-profit organizations, the institution is required to distinguish between contributions received that increase unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair values. Conditional promises to give are recognized when they become unconditional, that is, when the conditions are substantially met.

**(5) Property and Equipment**

Property and equipment are stated at cost and have been primarily purchased with temporarily restricted support which the Entity has received upon satisfaction of certain conditions of the donor. Upon purchase, since donor conditions have been met, the Entity reclassifies the corresponding temporarily restricted net asset amounts to unrestricted net assets. Also, when satisfaction of condition is met, capitalizations of property and equipment cost are recorded into the unrestricted program.

Depreciation is calculated using the straight-line method based on the following estimated useful lives:

Building	40 years
Building improvements	10-40 years
Equipment	5 years

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**NOTE A - GENERAL ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (CONTINUED)**

**(6) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(7) Tax Status**

CONCRA has been determined to be exempt from United States income taxes under Section 501(c)(3) of the Internal Revenue Code and from Puerto Rico taxes pursuant to Section 1101.01(2)(A) of the Puerto Rico Income Tax Act of 2011, as amended.

**(8) Cash and Cash Equivalents**

For the purpose of the statement of cash flows, CONCRA considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**(9) Vacations and Sick Leave**

Employees of CONCRA are entitled to 18 days of vacation and 18 days of sick leave annually. Sick leave is not accrued because it does not vest; employees are not paid for any sick leave balance at termination of employment or any other time. As of December 31, 2012 the accrued vacations of \$40,105 were included as accrued expenses in the statement of financial position.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE B - GRANTS AND CONTRACTS RECEIVABLE**

The accounts receivable from grants and contracts as of December 31, 2012, are described as follows:

<b><u>Agency-Program</u></b>	<b><u>Agreement or Contract Period</u></b>	<b><u>Balance</u></b>
Municipality of San Juan - Ryan White Part A Reimbursement contract	March 1, 2012 to February 28, 2013 Receivable for services rendered as of December 31, 2012	\$ 111,232
USA Health and Human Services - Ryan White Part D	August 1, 2012 to July 31, 2013	376,552
USA Health and Human Services - CDC "Colores"	July 1, 2012 to June 30, 2013	82,193
Puerto Rico Legislative Grants	July 1, 2012 to June 30, 2013	20,000
USA Health and Human Services -HIV Prevention, Risk Reduction, and Enhanced HIV Testing for PR (Nosotras)	September 30, 2012 to September 29, 2013	18,282
PR Department of Health- Epidemiologic Research and Prevention	June 1, 2012 to December 31, 2012	59,707
USA Health and Human Services -AIDS Education & Training Centers (Acercate)	September 30, 2012 to September 29, 2013	<u>27,099</u>
Total accounts receivable grants and contracts		<b><u>\$ 695,065</u></b>

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE C - PROPERTY AND EQUIPMENT**

The following table summarizes the cost and accumulated depreciation of property and equipment:

<u>Description</u>	<u>Useful Life</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>
<b><u>General Program</u></b>				
Equipment	5 years	\$ 509,835	\$ 448,016	\$ 61,819
Building Improvements	10 years	<u>35,253</u>	<u>21,680</u>	<u>13,573</u>
		545,088	469,696	75,392
<b><u>Housing Program</u></b>				
Building	40 years	\$ 250,000	\$ 112,500	\$ 137,500
Building Improvements	10 years	<u>18,810</u>	<u>18,810</u>	<u>-</u>
		<u>268,810</u>	<u>131,310</u>	<u>137,500</u>
		<b><u>\$ 813,898</u></b>	<b><u>\$ 601,006</u></b>	<b><u>\$ 212,892</u></b>

**NOTE D - LINES OF CREDIT**

CONCRA fulfill with a local financial institution a credit notes payable up to \$100,000. Interest rate of 6.25% over prime rate is charged in a monthly basis. This line of credit is guarantees with a note payable amounting \$110,000 to the real property described on Note C. The principal balance outstanding as of December 31, 2012, was \$93,027.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2012 are available for the following purposes:

<u><b>Program</b></u>	<u><b>Activity</b></u>	<u><b>Balance</b></u>
Ryan White Part A	HIV Emergency Relief Project	\$( 11,775)
Ryan White Part C	Outpatient Primary Care Services	( 8,436)
Ryan White Part D	Primary Care Service-Adolescent Program	355,387
CDC "Colores"	HIV Prevention for Puerto Rico and Virgin Islands	74,353
Puerto Rico Legislative Grants	Mainly to provide support to dental health services	3,372
Special Projects	Private donations and contributions to provide essential support to achieve organization objectives	9,294
Total temporarily restricted net assets		<u><b>\$ 422,195</b></u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. During the year ended December 31, 2012 the aggregated amount of net assets released from restrictions was \$3,313,998 (\$3,267,124 from federal government and \$46,874 from local government and private contributions). Such net assets were contributed to the Entity through conditional programs in the form of reimbursement contracts and grants awards, which are recorded as temporarily restricted revenues until specified conditions are met. Temporarily restricted funds received by CONCRA during the year 2012 by Program are as follows:

**Ryan White Part A**

Part A is a reimbursement contract that provides support to improve access to comprehensive continuum of high-quality community-based primary medical care and support services for people with HIV/AIDS. Budget period: March 1, 2012 to February 28, 2013

**Ryan White Part C**

Part C is a grant award that provides support for early intervention and primary care services for people with HIV/AIDS. Budget period: January 1, 2012 to December 31, 2012

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**NOTE F - TEMPORARILY RESTRICTED NET ASSETS (Continuation)**

**Ryan White Part D**

Part D is a grant award that enhances access to comprehensive care for children, youth, women and their families with/at risk for HIV, and access to research of potential clinical benefits. Budget period: September 1, 2012 to August 31, 2013

**Human Immunodeficiency Virus (HIV) Prevention Projects:**

CDC is a grant award that provides support for HIV prevention program. Budget period: July 1, 2012 to June 30, 2013

**Other Assistance Programs:**

Include Puerto Rico Legislative Grant and private donations and contributions that provide support, which is essential for the organization to achieve its objectives

**NOTE G - CONTINGENCIES**

CONCRA participated in a number of federally-assisted grant programs. These grants are subject to audits by and/or on behalf of the grantors to assure compliance with grants provisions. Accordingly, the amount of expenditures which may be disallowed by the granting agencies, if any, will be established at some future date. However, CONCRA's management expects such amounts, if any, to be immaterial.

**NOTE H - CONCENTRATION OF CREDIT RISK**

CONCRA maintains its cash balance in a local financial institution. The balance is insured by the FDIC up to \$250,000. The balance at some times during the year may exceed the federally insurance limit.

**NOTE I – SUPPLEMENTAL DISCLOSURE OF CASH FLOWS STATEMENT**

Operating activities include interest paid of \$5,349.



**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**NOTE J – PRIOR YEAR ADJUSTMENTS**

Prior year adjustments were recorded to correct the overstatement in the temporarily restricted net asset and to correct the understatement in unrestricted net assets. These adjustments do not have effect in the total beginning net assets:

Description	Unrestricted Net Assets	Temporarily restricted Net Assets	Total Net Assets
Balances at beginning of year	(\$ 12,311)	\$ 608,698	\$596,387
Prior year adjustments	<u>213,565</u>	<u>( 213,565)</u>	<u>-</u>
Balances at beginning of year - restated	<u>\$201,254</u>	<u>\$ 395,133</u>	<u>\$596,387</u>

**NOTE K - COMMITMENTS**

CONCRA has an operating lease agreement for the use of facilities located on Ponce de León Avenue, Santurce, Puerto Rico. The terms of the lease agreement include a monthly payment of \$1,500 for the period from January 2012 to September 2016. Total rent expense for the year ended December 31, 2012 was \$18,000. The future minimum lease payments under the operating lease is as follow:

<u>Year Ending December 31,</u>	<u>Amount</u>
2013	\$ 18,000
2014	18,000
2015	18,000
2016	<u>13,500</u>
	<u>\$ 67,500</u>

**NOTE L – SUBSEQUENT EVENTS**

Subsequent events were evaluated through August 23, 2013, which was the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION  
PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEARCH ON AIDS, INC.

Schedule of Expenditures of Federal Awards

For the year ended December 31, 2012

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEACH ON AIDS, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>			
<b><u>Direct programs:</u></b>			
* HIV Prevention Projects for the Commonwealth of Puerto Rico and U.S. Virgin Islands	93.939	N/A	228,397
* HIV Prevention, Risk reduction and Enhanced HIV Testing for Puerto Rico	93.939	N/A	336,375
Total CFDA 93.939			564,772
* Ryan White Part C - Outpatient Early Intervention Services with Respect to HIV Decease	93.918	N/A	896,956
* Ryan White Part D - Primary Care Adolescent Initiative	93.153	N/A	513,984
<b><u>Pass-through from MUNICIPALITY OF SAN JUAN:</u></b>			
* Ryan White Part A - HIV Emergency Relief Project Grants	93.914	N/A	1,025,055
<b><u>Pass-through from Boston Universtity:</u></b>			
AIDS Educational and Training Centers	93.145	N/A	166,891
<b><u>Pass-through from Puerto Rico Department of Health:</u></b>			
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups	93.943	N/A	59,609
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	N/A	39,857
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>3,267,124</b>
<b>TOTAL FEDERAL FUNDS</b>			<b>\$ 3,267,124</b>

\* Denote Major Programs

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL  
RESEACH ON AIDS, INC.**

**Notes to Schedule of Expenditures of Federal Awards**

**For the year ended December 31, 2012**

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**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal activity of Puerto Rico Community Network For Clinical Research On AIDS, Inc. (a not-for profit organization) under programs of the federal government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audit of States Local Government and Nonprofit Organizations*. Because the schedule presents only a selected portion of the operations of the Puerto Rico Community Network For Clinical Research On AIDS, Inc. (a not-for profit organization), it is not intended to and does not present the financial position, changes in net assets or cash flows of Puerto Rico Community Network For Clinical Research On AIDS, Inc.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - FEDERAL CFDA NUMBER**

The Catalog of Federal Domestic Assistance (CFDA) Number is a program identification number. The first two digits identify the federal department or agency that administers the program and the last three numbers are assigned by numerical sequence accordingly with the program name within the corresponding agency.

**NOTE D – RELATIONSHIP TO FINANCIAL STATEMENTS**

The following is a conciliation of the expenditures per the schedule of federal awards to the statement of activities:

Expenses in the financial statements	\$ 3,489,146
Less: Non-federal expenses	<u>( 222,022)</u>
Total Federal Expenditures	<u>\$ 3,267,124</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Puerto Rico Community Network for  
Clinical Research on Aids, Inc.  
San Juan, Puerto Rico

We have audited the financial statements of Puerto Rico Community Network for Clinical Research on Aids, Inc. (CONCRA) (a nonprofit organization) as of and for the year ended December 31, 2012, and have issued our report thereon dated August 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered CONCRA'S internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CONCRA'S internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-1 to be material weakness.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)**

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting, to be considered a significant deficiency, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CONCRA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2012-1.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly this communication is not suitable for any other purpose.

August 23, 2013  
San Juan, Puerto Rico

*Diaz & Candelaria, PSC*

License number 34, Expire December 1, 2013  
The stamp No. 2672462 of Puerto Rico State  
Society of Certified Public Accountants was  
affixed to the record copy of this report.





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A 133**

To the Board of Directors of  
Puerto Rico Community Network for  
Clinical Research on Aids, Inc.  
San Juan, Puerto Rico

**Report on Compliance for Each Major Federal Program**

We have audited Puerto Rico Community Network for Clinical Research on Aids, Inc. (CONCRA) (a nonprofit organization) compliance with the types of compliance requirements described in the *"U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement"* that could have a direct and material effect on each of CONCRA'S major federal programs for the year ended as of December 31, 2012. CONCRA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of CONCRA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *"Audits of States, Local Government, and Non-Profit Organizations"*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CONCRA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CONCRA's compliance with those requirements.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A 133  
(CONTINUED)**

Basis for Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, CONCRA did not comply with requirements regarding Special Tests and Provisions "Standards for Financial Management Systems", finding 2012-2, that are applicable to its CFDA 93.914 Ryan White Part A, CFDA 93.918 Ryan White Part C, CFDA 93.153 Ryan White Part D and CFDA 93.939 HIV Prevention/Risk Reduction and Enhanced HIV Testing Grants. Compliance with such requirements is necessary, in our opinion, for CONCRA to comply with requirements applicable to that programs.

Qualified Opinion

In our opinion, except for the noncompliance described in the "Basic for Qualified Opinion" paragraph, CONCRA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Ryan White Part A, Ryan White Part C, Ryan White Part D and HIV Prevention/Risk Reduction and Enhanced HIV Testing, major federal programs, for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The management of the CONCRA is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to about. In planning and performing our audit, we considered CONCRA's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A 133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the effectiveness of Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A 133  
(CONTINUED)**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-2 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiency, as defined above. However, we identify and consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-2 to be a material weakness.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

August 23, 2013  
San Juan, Puerto Rico

*Diaz & Candalaria, PSC*

License number 34, Expire December 1, 2013  
The stamp No. 2672463 of Puerto Rico State  
Society of Certified Public Accountants was  
affixed to the record copy of this report.



**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL RESEARCH ON AIDS, INC.**

**Schedule of Findings and Questioned Costs**

For The Year Ended December 31, 2012

**Section I - Summary of Auditors' Results**

**Financial Statements:**

Types of auditors' report issued:	<u>Unqualified</u>
Internal Control over financial reporting:	
➤ Material Weakness(es) identified?	Yes
➤ Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes

**Federal Awards:**

Internal control over major programs:	
➤ Material Weakness(es) identified?	Yes
➤ Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	<u>Qualified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	Yes

**Mayor Program**

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.918	Ryan White Part C - Outpatient Early Intervention Services with Respect to HIV Decease
93.153	Ryan White Part D - Coordinated HIV Services and Access to Research for Women, Infants, Children and Youth
93.914	Ryan White Part A - HIV Emergency Relief Project Grants
93.939	HIV Prevention - Projects for the Commonwealth of Puerto Rico and U.S Virgin Islands. Risk Reduction and Enhanced HIV Testing for Puerto Rico

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	No

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL RESEARCH ON AIDS, INC.**

**Schedule of Findings and Questioned Costs**

For The Year Ended December 31, 2012

**Section II - Financial Statements Findings**

<u>Program</u>	<u>Findings / Non-Compliance</u>	<u>Questioned Costs</u>
All Programs	<p>2012-1. Standards for financial management systems</p> <p><u>Criteria</u> The 45 CFR 74.21(b)(1) - Standards for financial management systems, establish that federal funds management systems shall provide for the accurate, current and complete disclosure of the financial results of each federally-sponsored project or program.</p> <p><u>Condition</u> During our audit we noted that the accounts receivable and accounts payable were not reconciled as of December 31, 2012, with the corresponding subsidiary ledger or other supporting documentation.</p> <p>Several audit adjustments were needed to correct account balances.</p> <p><u>Cause</u> The audit adjustments to correct accounts balances, were due to the lack of periodic review and analysis of the general ledger accounts.</p> <p><u>Effect</u> The lack of current and accurate financial results difficult Management, to make decisions in the CONCRA's fiscal operation, when needed.</p> <p><u>Recommendation</u> The accounting record should be maintained current and accurate in order to have available, reliable financial information, to be used in the managerial decisions process.</p>	N/A

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL RESEARCH ON AIDS, INC.**

**Schedule of Findings and Questioned Costs**

For The Year Ended December 31, 2012

**Section III - Findings and Questioned Costs for Federal Awards**

<u>Program</u>	<u>Findings / Non-Compliance</u>	<u>Questioned Costs</u>
Ryan White Part A CFDA NO. 93.914	2012-2. Standards for financial management systems	
Ryan White Part C CFDA NO. 93.918	As discussed on finding 2012-1., During our audit we noted that the accounts receivable and accounts payable were not reconciled as of December 31, 2012, with the corresponding subsidiary ledger or other supporting documentation. Several audit adjustments were needed to correct account balances. The accounting record should be maintained current and accurate in order to have available, reliable financial information, to be used in the managerial decisions process.	
Ryan White Part D CFDA NO. 93.153		
HIV Prevention CFDA NO. 93.939		
		N/A

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL RESEARCH ON AIDS, INC.**

**Summary Schedule of Prior Year Findings**

For The Year Ended December 31, 2012

<u>Program</u>	<u>Findings / Non-Compliance</u>	<u>Questioned Costs</u>
Ryan White Part A CFDA NO. 93.914	2011-1. Financial and Program Management	
Ryan White Part C CFDA NO. 93.918	<u>Condition:</u> CONCRA's accounting records, including the general ledger and trial balances for the year ended December 31, 2011, began to be available from August 2012 through September 2012.	N/A
Ryan White Part D CFDA NO. 93.153	<u>Current Status:</u> Condition corrected  Also, several audit adjustments were necessary to correct account balances.  <u>Current Status:</u> Condition still prevails.	
Ryan White Part A CFDA NO. 93.914	2011-2. Purchase Orders	
Ryan White Part C CFDA NO. 93.918	<u>Condition:</u> (15) percent of the sample of (60) disbursements made during fiscal year 2011, were not properly supported by appropriate documentation.	N/A
Ryan White Part D CFDA NO. 93.153	<u>Current Status:</u> Condition corrected	
Ryan White Part A CFDA NO. 93.914	2010-1 and 2010-3 Financial and Program Management	
Ryan White Part C CFDA NO. 93.918	<u>Condition:</u> Some of CONCRA's accounting records and the general ledger trial balances for the year ended December 31, 2010, began to be available from March 2011 through September 2011 for audit purposes.	N/A
Ryan White Part D CFDA NO. 93.153	<u>Current Status:</u> Condition corrected  Also, several audit adjustments were needed to correct account balances.  <u>Current Status:</u> Condition still prevails.	

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL RESEARCH ON AIDS, INC.**

**Summary Schedule of Prior Year Findings**

For The Year Ended December 31, 2012

<u>Program</u>	<u>Findings / Non-Compliance</u>	<u>Questioned Costs</u>
Ryan White Part A CFDA NO. 93.914	2010-2. Reporting Requirements	
Ryan White Part C CFDA NO. 93.918	<u>Condition:</u> CONCRA's audited financial statements and the data collection form for the year ended December 31, 2009, was submitted on December 30, 2010, 91 days, after the due date.	N/A
Ryan White Part D CFDA NO. 93.153	<u>Current Status:</u> Condition corrected	
Ryan White Part A CFDA NO. 93.914	2009-3. Financial and Program Management	
Ryan White Part C CFDA NO. 93.918	<u>Condition:</u> Some of CONCRA's accounting records and the general ledger trial balances for the year ended December 31, 2009, began to be available from April 2010 through September 2010 for audit purposes.	N/A
Ryan White Part D CFDA NO. 93.153	<u>Current Status:</u> Condition corrected	
	Also several audit adjustments were needed to correct account balances.	
	<u>Current Status:</u> Condition still prevails.	
Ryan White Part A CFDA NO. 93.914	2008-1. Financial and Program Management	
Ryan White Part C CFDA NO. 93.918	<u>Condition:</u> Some of CONCRA's accounting records and the general ledger trial balances for the year ended December 31, 2008, began to be available from May 2009 through September 2009 for audit purposes.	N/A
Ryan White Part D CFDA NO. 93.153	<u>Current Status:</u> Condition corrected	



P.O. Box 20850  
San Juan, Puerto Rico 00928-0850  
(787) 753-9443

August 23, 2013

Puerto Rico Community Network for Clinical Research on AIDS, Inc. (PR CoNCRA)  
Corrective Action Plan  
Single Audit, December 31, 2012

The following is the management response to Puerto Rico Community Network For Clinical Research On AIDS, Inc. (PR CoNCRA) independent annual financial audit, Schedule of Findings and Questioned Costs for the year ending December 31, 2012, Section III – Findings and Questioned Costs for Federal Awards:

Program		Questioned Costs
Ryan White Part A CFDA NO. 93.914	<p>2012-2. Financial and Program Management <u>Condition:</u> During our audit we noted that the accounts receivable and accounts payable were not reconciled as of December 31, 2012, with the corresponding subsidiary ledger or other supporting documentation. Several audit adjustments were needed to correct account balances.</p> <p><u>Recommendation:</u> The accounting record should be maintained current and accurate in order to have available, reliable financial information, to be used in the managerial decisions process.</p>	N/A
Ryan White Part C CFDA NO. 93.918		
Ryan White Part D CFDA NO. 93.153		
HIV Prevention CFDA NO. 93.939		

### CORRECTIVE ACTION PLAN

Effective immediately PR CoNCRA and by instructions of the Executive Director to the Fiscal Officer, assigned the Accounting Assistant to be responsible of the control and maintenance of accounts payable entries, as well as the Accounts Payable Subsidiary of all existing funds. A monthly balancing of these accounts will be performed, while maintaining the balance of the General Ledger accounts in accordance with their respective subsidiary. The Accounting Assistant will assure that all invoices and the accounts receivable have included the necessary required documents prior to registering these on the accounting system.

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<b>CORRECTIVE ACTION PLAN (Continuation)</b>
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<p>The Fiscal Agent, who supervises the Accounting Assistant, will monitor these procedures to ensure that they are performed in an on-going process and will report them to the Executive Director and Assistant Director weekly in the administrative and fiscal meetings. These measures will further support our Administrative and Fiscal Best Practices. These procedures have been included in PR CoNCRA's Accounting Manual. The Accounting Assistant will assure that all invoices and the accounts receivable have included the necessary required documents prior to registering these on the accounting system. The Fiscal Agent, who supervises the Accounting Assistant, will monitor these procedures to ensure that they are performed in an on-going process and will report them to the Executive Director and Assistant Director weekly in the administrative and fiscal meetings. These measures will further support our Administrative and Fiscal Best Practices. These procedures have been included in PR CoNCRA's Accounting Manual.</p>
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If you have any questions, please contact us at (787) 773-0464.

Sincerely,

*Rosaura López Fontánez*, MSW/LCSW  
Executive Director